

DECLARATION OF JAMES DEREN
Pursuant to 28 U.S.C. § 1746

I, James Deren, have personal knowledge of the facts and matters set forth below. If called as a witness, I could and would testify as follows:

1. My name is James Deren, and I go by the name Mike. I am over the age of 18 and reside in Wesley Chapel, Florida.
2. Around April 2023, I was looking to get into third-party selling on Amazon. I saw a Facebook ad for FBA Machine that stated I could make good money running an Amazon store, and I reached out to the company. I was skeptical at first and spoke with Roman Sterling a number of times, but I didn't commit right away. I wanted to make sure that the LLC I would use for the business would be established by the time I agreed to the contract, since the company said that, if I didn't make a certain amount of money (I don't remember how much) within the first 90 days, I'd get my money back. (At some point FBA Machine changed its policy so that, if they didn't get you to a certain amount of sales within 90 days, they would work with you "for free" until you did, instead of giving you your money back.)
3. Roman brought Steven Rozenfeld onto a call as the "closer" to get me to purchase. I decided to go with the "Done with You" program, where FBA Machine was supposed to work with Meirrandra, my business partner, to run the store. The idea was that she would learn how the process works so she could eventually manage the store on her own. I paid \$6,000.
4. On May 2, 2023, Roman emailed me the details for wiring the money to pay for the business opportunity. His email stated that the funds should be directed to a bank account in the name of Passive Scaling Inc., whose address was listed as 78 John Miller Way, Suite

2111, in Kearny, NJ. Attached hereto as **Attachment A** is a true and correct copy of this email. I ended up sending Passive Scaling a check instead of paying by wire.

5. I never received any document from Passive Scaling or FBA Machine with any information substantiating the earning and profit claims contained in their advertisements or over the phone with the sales agent. I also never received a document from either Passive Scaling or FBA Machine telling me whether the company has been subject to legal action or a list of consumers who purchased their services in the past 3 years.
6. Once our store was opened, we had issues with the products we purchased from wholesalers sitting in FBA Machine's warehouse for months. We would select products we believed had reasonable margins, but by the time the products were ordered, arrived at FBA Machine's warehouse, were repackaged for and then ultimately shipped to Amazon, three to six months would go by, and the products would be selling cheaper than they were when we originally purchased them.
7. Sometime around October 2023, Amazon suspended our store. What happened was that FBA Machine assisted with an order for a product we weren't cleared to sell on Amazon and made a switch for another product with another company like ours. Amazon suspended our store for "counterfeit" products, but I have no idea whether or not the products were counterfeit, since we never touched the products. I was able to get the store reopened, but I had to put in a lot of work to make that happen.
8. I have had several "come to Jesus" meetings with Steven and employees of his companies, but it hasn't helped. My financial records show that the store has been running at a loss, and, as of April 30, 2024, I had negative equity in my LLC. Attached hereto as **Attachment B** is a true and correct copy of my company's financial statement of assets, liabilities, and

equity—prepared by a certified public accountant— as of December 31, 2023, and attached hereto as **Attachment C** is a true and correct copy of my company’s financial statement— prepared by a certified public account—as of April 30, 2024.

9. I have a balance of more than \$25,000 on my credit card from store inventory and other fees, with no way for the store to earn back the money to pay it.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: June 21, 2024
Wesley Chapel, Florida



Group Benefit Services, Inc. (Jun 21, 2024 11:24 EDT)

James Deren

From: [James Deren](#)
To: [Kern, Frances](#)
Subject: FW: Bank acct info
Date: Tuesday, June 11, 2024 4:06:10 PM

You don't often get email from jamesderen@gbsitpa.com. [Learn why this is important](#)

Respectfully,

James "Mike" Deren

President / CEO

o 417.616.8996 | **e** jamesderen@gbsitpa.com

c 

a Group Benefit Services

[3810 E. Sunshine Street, Suite 200](#)
[Springfield, MO 65809](#)

p 800.995.3569 | **f** 417.883.8261 | **w** gbs-tpa.com

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From: Roman S <roman@passivescaling.com>
Sent: Tuesday, May 2, 2023 4:12 PM
To: James Deren <jamesderen@gbsitpa.com>
Subject: Bank acct info

Mike,

Here are the details.

PASSIVE SCALING INC
78 JOHN MILLER WAY SUITE 2111
KEARNY NJ 07032

Signature Bank

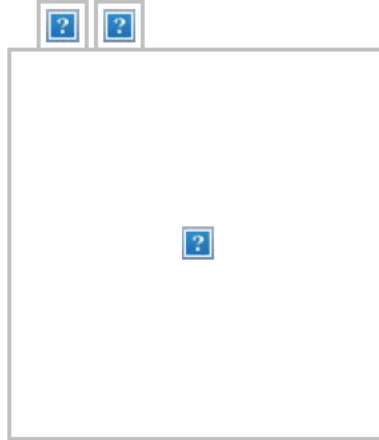
565 Fifth Avenue, New York, NY 10017

Account# [REDACTED]

Routing # [REDACTED]

--

Kind regards,



Roman Sterling H

Account Executive

Passive Scaling

2011 8th, Street Suite 102, North Bergen, NJ 07047

(949) 998-4102

Roman@PassiveScaling.com

<https://link.zixcentral.com/u/d19d9544/AljztyXp7RGqOpNYg-oQLQ?u=http%3A%2F%2Fwww.passivescaling.com%2F>

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DEREN DISTRIBUTION GROUP, LLC
3810 EAST SUNSHINE STE 200
SPRINGFIELD, MO 65809

Management is responsible for the accompanying financial statements of DEREN DISTRIBUTION GROUP, LLC, which comprise the statement of assets, liabilities, and equity - income tax basis as of December 31, 2023, and the related statements of revenues and expenses - income tax basis for the one month and four months then ended, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures and the statements of retained earnings ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures and statements of retained earnings were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Elliott, Robinson and Company, LLP
Springfield, Missouri

February 05, 2024

DEREN DISTRIBUTION GROUP, LLC
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - INCOME TAX BASIS
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 5,592
Inventory	2,440
Total Current Assets	<u>8,032</u>

FIXED ASSETS

Organizational costs	<u>6,000</u>
	6,000
Less: accumulated depreciation	<u>(267)</u>
Total Fixed Assets	<u>5,733</u>
	 <u>\$ 13,765</u>

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Credit card payable	\$ 17,582
Total Current Liabilities	<u>17,582</u>

MEMBER'S EQUITY

Additional paid in capital	\$ 10,811
Distributions	(10)
Net earnings (loss)	<u>(14,618)</u>
Total Member's Equity	<u>(3,817)</u>
	 <u>\$ 13,765</u>

DEREN DISTRIBUTION GROUP, LLC
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
1 MONTH AND 4 MONTHS ENDED DECEMBER 31, 2023

	1 Month Ended		4 Months Ended	
	<u>Dec 31, 2023</u>	<u>%</u>	<u>Dec 31, 2023</u>	<u>%</u>
REVENUE	\$ 7,771	100.0	\$ 14,106	100.0
COST OF SALES	<u>2,391</u>	<u>30.8</u>	<u>24,559</u>	<u>174.1</u>
GROSS PROFIT	<u>5,380</u>	<u>69.2</u>	<u>(10,453)</u>	<u>(74.1)</u>
OPERATING EXPENSES				
Commissions paid	-	-	500	3.5
Professional Fees	1,690	21.7	1,840	13.0
Legal and accounting	-	-	300	2.1
Interest expense	-	-	752	5.3
Contributions	-	-	100	0.7
Amortization	67	0.9	267	1.9
Travel and entertainment	15	0.2	105	0.7
Total Operating Expenses	<u>1,772</u>	<u>22.8</u>	<u>3,864</u>	<u>27.4</u>
OTHER INCOME (EXPENSE)				
Interest expense	<u>(301)</u>	<u>(3.9)</u>	<u>(301)</u>	<u>(2.1)</u>
Total Other Income (Expense)	<u>(301)</u>	<u>(3.9)</u>	<u>(301)</u>	<u>(2.1)</u>
NET EARNINGS (LOSS)	<u>\$ 3,307</u>	<u>42.6</u>	<u>\$ (14,618)</u>	<u>(103.6)</u>



DEREN DISTRIBUTION GROUP, LLC
3810 EAST SUNSHINE STE 200
SPRINGFIELD, MO 65809

Management is responsible for the accompanying financial statements of DEREN DISTRIBUTION GROUP, LLC, which comprise the statement of assets, liabilities, and equity - income tax basis as of April 30, 2024, and the related statements of revenues and expenses - income tax basis for the one month and four months then ended, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures and the statements of retained earnings ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures and statements of retained earnings were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Elliott, Robinson and Company, LLP
Springfield, Missouri

May 08, 2024

DEREN DISTRIBUTION GROUP, LLC
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - INCOME TAX BASIS
APRIL 30, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 3,401
Inventory	<u>2,356</u>
Total Current Assets	<u>5,757</u>

FIXED ASSETS

Organizational costs	<u>6,000</u>
	6,000
Less: accumulated depreciation	<u>(400)</u>
Total Fixed Assets	<u>5,600</u>
	 <u>\$ 11,357</u>

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Credit card payable	\$ 24,722
Total Current Liabilities	<u>24,722</u>

MEMBER'S EQUITY

Additional paid in capital	\$ 11,287
Retained earnings	(14,629)
Net earnings (loss)	<u>(10,023)</u>
Total Member's Equity	<u>(13,365)</u>
	 <u>\$ 11,357</u>

DEREN DISTRIBUTION GROUP, LLC
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
1 MONTH AND 4 MONTHS ENDED APRIL 30, 2024

	1 Month Ended		4 Months Ended	
	<u>Apr 30, 2024</u>	<u>%</u>	<u>Apr 30, 2024</u>	<u>%</u>
REVENUE	\$ 1,152	100.0	\$ 9,170	100.0
COST OF SALES	<u>4,432</u>	<u>384.7</u>	<u>12,482</u>	<u>136.1</u>
GROSS PROFIT	<u>(3,280)</u>	<u>(284.7)</u>	<u>(3,312)</u>	<u>(36.1)</u>
OPERATING EXPENSES				
Commissions paid	-	-	500	5.5
Professional Fees	-	-	3,010	32.8
Contract Labor	870	75.5	870	9.5
Office supplies	-	-	870	9.5
Interest expense	-	-	308	3.4
Amortization	33	2.9	133	1.5
Travel and entertainment	<u>15</u>	<u>1.3</u>	<u>45</u>	<u>0.5</u>
Total Operating Expenses	<u>918</u>	<u>79.7</u>	<u>5,736</u>	<u>62.6</u>
OTHER INCOME (EXPENSE)				
Interest expense	<u>(355)</u>	<u>(30.8)</u>	<u>(975)</u>	<u>(10.6)</u>
Total Other Income (Expense)	<u>(355)</u>	<u>(30.8)</u>	<u>(975)</u>	<u>(10.6)</u>
NET EARNINGS (LOSS)	<u>\$ (4,553)</u>	<u>(395.2)</u>	<u>\$ (10,023)</u>	<u>(109.3)</u>